

3/25/76 AY013 5 R
V-COR 1 ~~WAM~~

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
RULPALJ/USCINCSO

1.0. 11652: GDS

TAGS: MPOL, PINS, AR

SUBJECT: INR ANALYSIS OF DEVELOPMENTS IN ARGENTINA

1. COMMUNIQUEES AND STATEMENTS ISSUED BY THE ARGENTINE JUNTA DO NOT CLARIFY HOW LONG THE MILITARY INTENDS TO REMAIN IN POWER, NOR WHAT POLICIES WILL BE IMPLEMENTED. SUCH EVIDENCE AS EXISTS, HOWEVER, INDICATES THAT THE JUNTA HAS PLANNED A MODERATE CONSERVATIVE APPROACH, FEATURING:

--A HEAVY LAW-AND-ORDER EMPHASIS WITH TOP PRIORITY ASSIGNED TO THE COUNTERTERRORIST EFFORT.

--A HOUSE-CLEANING OPERATION AGAINST ALLEGEDLY CORRUPT POLITICAL AND LABOR FIGURES, INCLUDING PLANS TO TRY PERON ON CORRUPTION CHARGES.

--AVOIDANCE OF A RABIDLY ANTI-PERONIST OR ANTI-LABOR POSTURE, AND AN ATTEMPT TO WORK WITH AMENABLE SECTORS OF THE POWERFUL UNION MOVEMENT.

--IMPLEMENTATION OF A MODERATE AUSTERITY PROGRAM WHICH WILL EMPHASIZE LESS STATE PARTICIPATION IN THE ECONOMY, FISCAL RESPONSIBILITY, EXPORT PROMOTION, FAVORABLE ATTENTION TO THE NEGLECTED AGRICULTURAL SECTOR, AND A POSITIVE ATTITUDE TOWARD FOREIGN INVESTMENT.

2. JUNTA'S CAPABILITY: THERE IS LITTLE REASON TO BE SANGUINE ABOUT THE FUTURE OF THE MILITARY GOVERNMENT AND ITS ABILITY TO PROVIDE SOLUTIONS TO PRESSING PROBLEMS. THE TERRORIST MENACE CAN PROBABLY BE CONTROLLED, IF NOT ERADICATED, BUT DESIGNING AN ECONOMIC STRATEGY WHICH WILL PROMOTE RECOVERY WITHOUT PROVOKING WIDESPREAD OPPOSITION WILL BE DIFFICULT. THE AUSTERITY MEASURES FAVORED BY MANY EXPERTS, AS WELL AS THE JUNTA ITSELF, CANNOT BE ENFORCED WITHOUT CONSIDERABLE SACRIFICE ON THE PART OF A WORKING CLASS NOT INCLINED TO PAY THE PRICE. PERSISTENT EFFORTS TO ENFORCE AUSTERITY WOULD PROBABLY PRODUCE A

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

☒ Release ☐ Excise ☐ Deny

Exemption(s):

Declassify: () In Part (X) In Full

() Classify as ___ () Extend as ___ () Downgrade to ___

Date _____ Declassify on _____ Reason _____

79F 23
4/153

UNCLASSIFIED

TELEGRAM

UNCLASSIFIED

COMBINATION OF POPULAR RESISTANCE AND POLICY DISAGREEMENTS WITHIN MILITARY CIRCLES THAT WOULD UNDERMINE THE JUNTA'S ABILITY TO RULE. THE PATH WOULD THEN BE OPEN FOR ANOTHER GOVERNMENTAL SHIFT, PROBABLY INVOLVING THE EMERGENCE OF A NEW MILITARY FACTION WITH ITS OWN APPROACH.

3. PERON'S FATE: CONTRARY TO EXPECTATIONS, THE JUNTA HAS DECIDED TO DETAIN PERON WITHIN ARGENTINA AND APPARENTLY INTENDS TO TRY HER ON CORRUPTION CHARGES. THE OBJECTIVE IS PROBABLY TO EXPOSE IN DEFINITIVE FASHION THE ALLEGED IMMORALITY OF PERONIST POLITICS AND POLITICIANS AND, THEREBY, PREVENT PERON'S SUBSEQUENT RESURRECTION AS A MARTYR. HOWEVER, THIS TACTIC COULD EASILY BACKFIRE. ARGENTINES WILL NOT BEMOAN THE REMOVAL OF PERON, BUT THEY TEND TO VIEW HER AS A PATHETIC RATHER THAN A SINISTER FIGURE. THE PUBLIC MAY REJECT AN ATTEMPT TO MAKE HER SOLELY RESPONSIBLE FOR THE NATION'S ILLS. THE JUNTA WILL LIKELY MONITOR PUBLIC REACTION TO THEIR PLANS, AND LEAVE OPEN THE POSSIBILITY OF SIMPLY EXILING PERON.

4. US INTERESTS: US INTERESTS ARE NOT THREATENED BY THE PRESENT MILITARY GOVERNMENT. THE THREE SERVICE COMMANDERS ARE KNOWN FOR THEIR PRO-US, ANTI-COMMUNIST ATTITUDES, AND, IN FACT, ONE OF THE JUNTA'S EARLY STATEMENTS REFERS TO ARGENTINA'S NEED "TO ACHIEVE AN INTERNATIONAL STANDING IN THE WESTERN AND CHRISTIAN WORLD." INVESTMENT PROBLEMS WILL BE MINIMIZED BY THE JUNTA'S FAVORABLE ATTITUDE TOWARD FOREIGN CAPITAL, WHILE THE GOVERNMENT'S PROBABLE INTENTION OF SEEKING US AID, TANGIBLE AND/OR MORAL, TO OVERCOME PRESSING ECONOMIC PROBLEMS WILL PROVIDE ADDED INSURANCE AGAINST OPENLY ANTI-US ATTITUDES AND POLICIES.

5. HUMAN RIGHTS IS AN AREA IN WHICH THE NEW GOVERNMENT'S ACTIONS MAY PRESENT PROBLEMS FROM THE US PERSPECTIVE. SEVERAL THOUSAND ALLEGED SUBVERSIVES ARE ALREADY BEING

HELD UNDER A STATE OF SIEGE DECLARED IN NOVEMBER 1974,

AND THAT FIGURE WILL MOUNT AS THE SECURITY FORCES INTENSIFY THEIR COUNTERTERRORIST EFFORTS. THE MILITARY'S TREATMENT OF THESE INDIVIDUALS HAS BEEN LESS THAN CORRECT IN THE PAST, AND WILL PROBABLY INVOLVE SERIOUS HUMAN RIGHTS VIOLATIONS IN THE FUTURE. A HARBINGER OF THINGS TO COME MAY BE CONTAINED IN THE JUNTA'S DECREE ESTABLISHING THE DEATH PENALTY FOR THOSE ATTACKING SECURITY PERSONNEL. THE SCOPE OF THIS PROBLEM COULD REACH BEYOND THE TREATMENT OF SUBVERSIVES IF, OVER THE COMING MONTHS, THE JUNTA ATTEMPTS TO ENFORCE UNPOPULAR SOCIAL AND ECONOMIC POLICIES. KISSINGER

BT

#2468

UNCLASSIFIED